

# CALLINAN

ROYALTIES



## Disclosure Policy

September 15, 2011

Version 1

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**CALLINAN ROYALTIES CORPORATION**

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***DISCLOSURE POLICY***

**1.0 OBJECTIVE AND SCOPE**

1.1 The objective of this disclosure policy (the "Policy") is to ensure that communications with the investing public about Callinan Royalties Corporation ("Callinan") are:

- (a) timely, factual and accurate; and
- (b) broadly disseminated in accordance with all applicable legal and regulatory requirements.

1.2 This Policy confirms in writing Callinan's existing disclosure policies and practices. Its goal is to raise awareness of Callinan's approach to disclosure among the Board of Directors, senior management and employees.

1.3 This Policy extends to all employees of Callinan, its subsidiaries, their Boards of Directors, those authorized to speak on its behalf, and all other insiders.

1.4 It covers disclosure in:

- (a) Documents filed with securities regulators;
- (b) financial and non-financial documents, including management's discussion and analysis ("MD&A") and written statements made in Callinan's annual and quarterly reports;
- (c) news releases;
- (d) letters to shareholders;
- (e) presentations by senior management and other employees; and
- (f) Callinan's website and other electronic communications.

1.5 It extends to oral statements made in:

- (a) meetings;
- (b) telephone conversations with analysts and investors;
- (c) interviews with the media;
- (d) speeches;
- (e) press conferences; and
- (f) conference calls.

**2.0 DISCLOSURE POLICY COMMITTEE**

2.1 The Board of Directors has established a Disclosure Policy Committee (the "Committee") responsible for all regulatory disclosure requirements and for overseeing Callinan's disclosure practices under this Policy. The Committee consists of the persons holding the following positions:

- (a) President and Chief Executive Officer;
- (b) Chief Financial Officer; and
- (c) Corporate Legal Counsel

2.2 It is essential that the Committee be kept fully apprised of all pending material developments related to Callinan in order to evaluate and discuss those events to determine the appropriateness and timing for public release of information. If it is deemed that Material Information, as defined in section 3.1 below, should remain confidential, the Committee will determine how that information will be controlled.

2.3 The Committee will identify appropriate industry and company benchmarks for a preliminary assessment of materiality. Guided by these benchmarks, the Committee will use experience and judgement to determine the timing for public release of Material Information.

2.4 The Committee is responsible to:

- (a) ensure appropriate systems, processes and controls for disclosure are in place;
- (b) review all news releases and core disclosure documents prior to their release or filing, including Callinan's MD&A.
- (c) review and update, if necessary, this Policy annually, or as needed, to ensure compliance with changing regulatory requirements; and
- (d) report to the Board of Directors.

### **3.0 PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION**

3.1 "Material Information" for the purposes of this Policy is any information relating to the business and affairs of Callinan that results in, or would reasonably be expected to result in a significant change in the market price or value of Callinan's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

3.2 In complying with the requirement to immediately disclose all Material Information under applicable laws and stock exchange rules, Callinan will adhere to the following basic disclosure principles:

- (a) Material Information will be publicly disclosed immediately via news release unless it is determined by the Committee that such disclosure would be unduly detrimental to Callinan (for example, if release of the information would prejudice negotiations in a corporate transaction), in which case the Material Information will be kept confidential until the Committee determines it is appropriate to publicly disclose;
- (b) where Material Information is kept confidential, the Committee will cause a confidential material change report to be filed with the applicable securities regulators;
- (c) unfavorable Material Information will be disclosed as promptly and completely as favourable information;
- (d) there will not be selective disclosure. Material Information disclosed to one or more individuals will also be disclosed to the investing public;
- (e) if previously undisclosed Material Information is inadvertently disclosed, this information will be broadly disclosed immediately via news release;
- (f) disclosure will be consistent among all audiences, including the investment community, the media, customers and employees; and
- (g) disclosure will be corrected immediately if Callinan subsequently learns that earlier disclosure contained a material error at the time it was given.

### **4.0 TRADING RESTRICTIONS AND BLACKOUT PERIODS**

4.1 It is illegal for anyone to purchase or sell securities of a public company with knowledge of Material Information affecting that company that has not been publicly disclosed. It is also illegal for anyone to inform any other person of material non-public information, except in the necessary course of business. Therefore, insiders, employees and consultants with knowledge of confidential or Material Information about Callinan or counter-parties in negotiations of potentially material transactions are prohibited from trading securities of Callinan or any counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

4.2 Insiders are personally responsible for filing accurate and timely insider trading reports.

4.3 At such time as the Committee determines that financial results warrant, quarterly trading blackout periods will apply to all employees during periods when financial statements are being prepared but results have not yet been publicly disclosed. A standard period of no insider trading two days prior to the release of Financial Statements by the company and two days following such releases. The Audit Committee and Financial Staff and Management would be subject to a no trading period of two weeks prior to the release and two days following. The Committee will notify the Board of Directors, senior management and employees when the Committee has determined that quarterly blackout periods are to be implemented at Callinan.

4.4 Blackout periods may be prescribed from time to time by the Committee as a result of special circumstances relating to Callinan when insiders would be precluded from trading in its securities. All parties with knowledge or who are likely to obtain knowledge of such special circumstances will be covered by the blackout. These parties may include external advisors such as legal counsel, investment bankers, investor relations consultants and other professional advisors, and counter-parties in negotiations of material potential transactions.

4.5 Employees of Callinan, its subsidiaries, and their Boards of Directors are not permitted to trade the shares of Callinan on margin.

## **5.0 MAINTAINING CONFIDENTIALITY**

5.1 Any employee privy to confidential information concerning Callinan or its business partners is prohibited from communicating such information to anyone else unless it is necessary to do so in the course of business. Efforts will be made to limit access to confidential information to only those who need to know the information and those persons will be advised that the information is to be kept confidential.

5.2 Outside parties privy to undisclosed material information concerning Callinan will be told that they must not divulge this information to anyone else, other than in the necessary course of business and that they may not trade in Callinan's securities until the information is publicly disclosed. Such outside parties will confirm their commitment to non-disclosure in writing under a Confidentiality Agreement approved by the Committee.

5.3 To prevent the misuse or inadvertent disclosure of Material Information, the following procedures should be observed at all times:

- (a) documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who "need to know" that information in the necessary course of business. Code names should be used if necessary;
- (b) confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
- (c) to the extent possible, confidential matters should not be discussed on cell phones or other wireless devices;
- (d) confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them;
- (e) employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office;
- (f) transmission of documents by electronic means, such as by fax, e-mail or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
- (g) unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed; and
- (h) access to confidential electronic data should be restricted through the use of passwords.

## **6.0 DESIGNATED SPOKESPERSONS**

6.1 In order to ensure the investment community, regulators, newsletter writers and the media are receiving consistent and accurate information, only the President and Chief Executive Officer or a person specifically authorized by the President and Chief Executive Officer may serve as a spokesperson for Callinan authorized to speak on behalf of Callinan to those groups.

6.2 The President and Chief Executive Officer may, from time to time, designate others within Callinan with authority to speak on behalf of Callinan as back-ups, or to respond to specific inquiries from regulators or the investment community.

6.3 Persons who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community or the media. All information inquiries made to non-designated spokespersons should be forwarded to an official spokesperson.

## **7.0 NEWS RELEASES**

7.1 Once the Committee determines that a development is material, it will authorize the issuance of a news release unless the Committee determines that such development must remain confidential for the time being. If developments are to remain confidential, appropriate confidential filings must be made and control of the inside information must be instituted.

- 7.2 News releases containing financial results will be publicly released following Audit Committee or Board approval of the MD&A, financial statements and notes.
- 7.3 If the stock exchange upon which shares of Callinan are listed is open for trading at the time of a proposed announcement, prior notice of a news release announcing Material Information must be provided to its market surveillance division to enable a trading halt, if deemed necessary by the stock exchange. If a news release announcing material information is issued outside of trading hours, the exchange must be notified promptly and in any event before the market reopens.
- 7.4 News releases must be disseminated through an approved news wire service that provides simultaneous national distribution.
- 7.5 News releases will be posted on Callinan's website and otherwise distributed by Callinan only after confirmation of dissemination over the news wire. The website will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures.
- 7.6 News Releases, to the extent practical will be sent via email to each director upon public dissemination.

## **8.0 CONFERENCE CALLS**

- 8.1 Conference calls may be held only when determined appropriate by the Committee and will be accessible simultaneously to all interested parties by telephone or via a webcast over the Internet. The call will be preceded by a news release containing all relevant Material Information. At the beginning of the call, a Company spokesperson will provide appropriate cautionary language regarding any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties applicable to the news.
- 8.2 Callinan will provide advance notice of the conference call and webcast by issuing a news release announcing the date, time and topic and providing information on how interested parties may access the call and webcast. These details will be provided on Callinan's website. In addition, Callinan may send invitations to analysts, institutional investors, the media and others. Any non-material supplemental information provided to participants will also be posted to the website for others to view.
- 8.3 A tape replay of the conference call will be made available for a minimum of seven days and an archived audio webcast and/or text transcript will be made available on Callinan's website for a minimum of 90 days.
- 8.4 The Committee will hold a debriefing meeting immediately after the conference call and if it determines that selective disclosure of previously undisclosed Material Information has occurred, Callinan will immediately disclose the information broadly via news release.

## **9.0 RUMOURS**

- 9.1 Should the stock exchange request that Callinan make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Committee will consider the matter and decide whether to issue a news release. If the rumour is true in whole or in part, this may be evidence of a leak, and Callinan will immediately issue a news release disclosing the relevant Material Information.

## **10.0 CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA**

- 10.1 Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If Callinan intends to announce Material Information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.
- 10.2 Callinan recognizes that meetings with analysts and significant investors are an important element of its investor relations program. Callinan will meet with analysts and investors individually or in small groups as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy. All analysts will receive fair treatment regardless of whether they are recommending buying or selling Callinan's securities.
- 10.3 Callinan will provide only non-material information through individual and group meetings, in addition to publicly disclosed Material Information, recognizing that an analyst or investor may construct this information into a mosaic that could result in Material Information. Callinan cannot alter the materiality of information by breaking down the information into smaller, non-material components.
- 10.4 Callinan will provide the same sort of detailed, non-material information to individual investors, newsletter writers or reporters that it has provided to analysts and institutional investors and may post this information on its website.
- 10.5 Spokespersons will keep notes of telephone conversations with analysts, investors, newsletter writers and reporters and where practicable more than one Callinan representative will be present at all individual and group meetings. A debriefing

will be held after these meetings and if it is determined that selective disclosure of previously undisclosed Material Information has occurred, then Callinan will immediately disclose the information broadly via news release.

#### **11.0 REVIEWING ANALYST REPORTS AND FINANCIAL MODELS**

- 11.1 Upon request, Callinan may review analysts' draft research reports or financial models for factual accuracy based on publicly disclosed information. Callinan will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's financial model and earnings estimates.
- 11.2 To avoid appearing to endorse an analyst's report or model, Callinan will provide its comments in writing and will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

#### **12.0 LIMITS ON DISTRIBUTING ANALYST REPORTS**

- 12.1 Analyst reports are proprietary products of the analyst's firm. Distributing or referring to analyst reports, or providing links to them, may be viewed as an endorsement by Callinan of the reports. For these reasons, Callinan will only provide analyst reports to persons outside of Callinan or generally to employees of Callinan with the prior approval of the Committee. Notwithstanding the foregoing, Callinan will distribute analyst reports to its directors and senior officers to monitor the communications of Callinan and to assist them in understanding how the marketplace values Callinan and how corporate developments affect the analysis. Analyst reports may also be provided to Callinan's financial and professional advisors in the necessary course of business. Callinan may post on its website a complete listing, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on Callinan. If provided, this list will not include links to the analysts' or any other third party websites or publications.

#### **13.0 FORWARD-LOOKING INFORMATION**

- 13.1 A consistent approach to disclosure is important. Where Callinan elects to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed:
- (a) all forward-looking Material Information will be broadly disseminated via news release;
  - (b) the information will be clearly identified as forward looking;
  - (c) Callinan will identify the material assumptions used in the preparation of the forward-looking information;
  - (d) the information will be accompanied by a statement that identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement;
  - (e) the information may be accompanied by supplementary information such as a range of reasonably possible outcomes or a sensitivity analysis to indicate the extent to which different business conditions may affect the actual outcome;
  - (f) the information will be accompanied by a statement that the information is stated as of the current date and subject to change after that date, and Callinan disclaims any intention to update or revise this statement of forward-looking information, whether as a result of new information, future events or otherwise; and
  - (g) once disclosed, Callinan's practice for updating forward-looking information will be to regularly assess whether previous statements of forward-looking information should be replaced by new financial outlooks and to ensure that past disclosure of forward-looking information is accurately reflected in current MD&A.

#### **14.0 PROVIDING GUIDANCE**

- 14.1 Callinan will try to ensure, through its regular public dissemination of quantitative and qualitative information, that analysts' estimates are in line with Callinan's expectations. Callinan will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' financial models and earnings estimates.
- 14.2 If Callinan has determined that it will be reporting results materially below or above publicly held expectations, it may decide to disclose this information in a news release to enable discussion without risk of selective disclosure.

#### **15.0 QUIET PERIODS**

- 15.1 At such time as the Committee determines that Callinan's quarterly earnings are sufficiently material to the public, Callinan will observe quiet periods prior to quarterly earnings announcements or when material changes are pending. Regular quiet periods will commence on the first day following the end of a quarter and end with the issuance of a news release disclosing results for the quarter just ended. The Committee will advise the Board of Directors, senior management and employees when the Committee has determined that quiet periods are to be implemented at Callinan.

15.2 During a quiet period, Callinan will not initiate any meetings or telephone contacts with analysts and investors, but will respond to unsolicited inquiries concerning factual matters. If Callinan is invited to participate, during a quiet period, in investment meetings or conferences organized by others, the Committee will determine, on a case-by-case basis, if it is advisable to accept these invitations. If accepted, extreme caution will be exercised to avoid selective disclosure of any material, non-public information.

#### **16.0 DISCLOSURE RECORD**

16.1 The Committee will designate an officer or employee with responsibility to maintain a five-year record of all public information about Callinan, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

#### **17.0 RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS**

17.1 The Policy applies to electronic communications as well as traditional written and oral communication. Accordingly, officers and personnel responsible for written and oral public disclosures are also responsible for electronic communications.

17.2 The Committee will be responsible for overseeing the updating of Callinan's website and for monitoring all Company information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws.

17.3 Disclosure on Callinan's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of Material Information on the website will be preceded by the issuance of a news release.

17.4 All continuous disclosure documents will be available from Callinan's website. All information posted, including text and audiovisual material, will show the date the material was issued. Any material changes in information must be updated immediately, following issuance of a news release. The website will include a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosures.

17.5 The Committee must approve all links from Callinan's website to third party websites. The website will include a notice that advises readers they are leaving Callinan's website and that Callinan is not responsible for the contents of the other site.

17.6 The Committee will also be responsible for responses to electronic inquiries. Only public information or information that could otherwise be disclosed in accordance with this Policy will be used to respond to electronic inquiries.

17.7 In accordance with this Policy, employees (including designated spokespersons) are prohibited from participating in internet chat rooms or newsgroup discussions on matters pertaining to Callinan's activities or its securities.

#### **18.0 COMMUNICATION, EDUCATION AND ENFORCEMENT**

18.1 The Policy extends to all employees of Callinan and its subsidiaries, their respective Boards of Directors and authorized spokespersons. New directors, officers and employees will be provided with a copy of this Policy and educated about its importance.

18.2 Changes to this Policy will be communicated to all employees.

18.3 Any employee who violates this Policy may face disciplinary action up to and including termination of employment without notice. The violation of this Policy may also violate certain securities laws, which could expose directors, officers or employees to personal liability. If it appears that an employee may have violated such securities laws, Callinan may refer the matter to the appropriate regulatory authorities, which could lead to fines or other penalties.

Policy approved by the Board of Directors of Callinan Royalties Corporation the 15<sup>th</sup> day of September, 2011.